WORKOVER AND SERVICE RIG VALUATION INSTRUCTIONS

It is the responsibility of the taxpayer to certify to you the year the rig was <u>new</u>, the <u>manufacturer's depth rating</u> and what <u>type of rig</u> it is, whether it is a Service rig, a Workover rig, a Pole rig or a Cable Tool rig.

The licensing method chosen by the owner(s) of a Service rig, Workover rig, Pole rig or Cable Tool rig determines the appropriate method of taxation.

These rigs are subject to the class 8 property tax under the following circumstance:

If the owner applies for a Special Mobile (SM) permit for the unit.

• The unit shall be valued by depreciating the replacement cost new (RCN) of the complete unit based on the manufacturer's depth rating.

These rigs are **exempt** from the class 8 property tax under the following circumstances:

• The rig is mounted on or attached to a vehicle with a rated capacity of more than 1-ton.

AND

• The vehicle is properly licensed for use on the highway with all appropriate gross vehicle weight (GVW) fees paid.

Note: If you have any questions concerning the assessment of this type of property contact the central office in Helena.

Valuation

Workover rig or Service rig

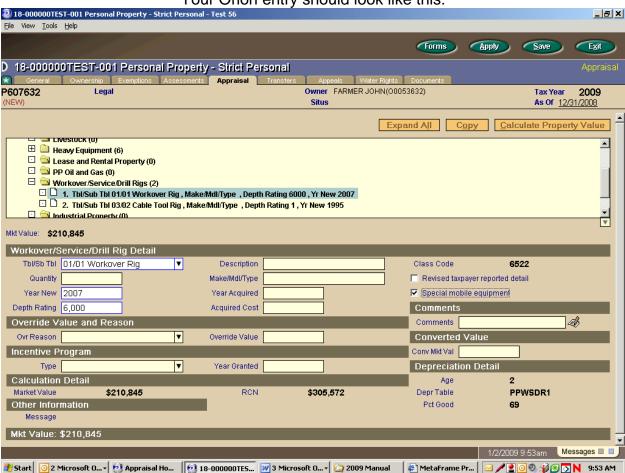
The replacement cost new (RCN) is determined by the manufacturer's depth rating.

Apply the wholesale trended % good from the Workover and Service rig Depreciation Schedule to the RCN to determine the market value. The wholesale trended % good to be used is determined by the year the rig was <u>new</u>.

Example: The taxpayer purchased a new Workover rig in 2007 with a manufacturer's depth rating of 6000'.

RCN = $305,572 \times 69\%$ = \$210,845 market value 210,845 x 3% = \$ 6,325 taxable value

Your Orion entry should look like this:



Pole rig or Cable Tool rig

Apply the wholesale trended % good from the Workover and Service rig Depreciation Schedule to the RCN for Pole or Cable Tool rigs. The wholesale trended % good to be used is determined by the year the rig was <u>new</u>.

Example: The taxpayer acquired a 1995 cable tool rig in 2001.

RCN = 60,000 x 22% = \$13,200 market value 13,200 x 3% = \$ 396 taxable value

Your Orion entry should look like this: File View Tools Help Forms 18-000000TEST-001 Personal Property - Strict Personal Legal 2009 P607632 Owner FARMER JOHN(00053632) Situs As Of 12/31/2008 Expand All Copy Calculate Property Value LIVESTUCK TOT Heavy Equipment (6) 🖸 🚖 Lease and Rental Property (0) PP Oil and Gas (0) □ Workover/Service/Drill Rigs (2) 🗅 🗋 1. Tbl/Sub Tbl 01/01 Workover Rig , Make/Mdl/Type , Depth Rating 6000 , Yr New 2007 2. Tbl/Sub Tbl 03/02 Cable Tool Rig , Make/Mdl/Type , Depth Rating 1 , Yr New 1995 🔝 🔄 Industrial Property (0) Mkt Value: \$13,200 Workover/Service/Drill Rig Detail Class Code Tbl/Sb Tbl 03/02 Cable Tool Rig ▼ Description 6522 Quantity Make/Mdl/Type Revised taxpayer reported detail Year New 1995 Year Acquired 2001 Special mobile equipment Depth Rating 1 Acquired Cost Comments Override Value and Reason 7 Ab Comments ▼ Override Value Converted Value Ovr Reason Incentive Program Conv Mkt Val Depreciation Detail ▼ Туре Year Granted Calculation Detail Market Value \$13,200 RCN \$60,000 Depr Table PPWSDR1 Other Information Pct Good 22 Message Mkt Value: \$13,200 1/2/2009 9:52am Messages ■ ■

Note: Depth Rating is a required field. Regardless of what number is entered, the RCN for Cable Tool & Pole Rigs is \$60,000.

The RCN for a Pole rig or Cable Tool rig, regardless of depth, is \$60,000.

WORKOVER, SERVICE, POLE & CABLE TOOL RIG DEPRECIATION SCHEDULE

This schedule is to be used from January 1, 2009, through December 31, 2009 (reference ARM 42.21.139).

The following schedules will be used to arrive at market value when assessing Service, Workover, Pole and Cable Tool rigs.

YEAR <u>NEW</u>	WHOLESALE TRENDED <u>% GOOD</u>	
2009	80%	
2008	74%	
2007	69%	
2006	67%	
2005	62%	
2004	58%	
2003	51%	
2002	41%	
2001	32%	
2000	26%	
1999 and older	22%	

DEPTH CATEGORIES AND REPLACEMENT COST NEW

MANUFACTURER'S DEPTH RATING	SERVICE RIG RCN	WORKOVER RIG RCN
0 - 3,000'	146,788	186,788
3,001 - 5,000'	187,336	227,336
5,001 - 8,000'	245,572	305,572
8,001 - 10,000'	293,325	393,325
10,001 - 14,000'	322,918	472,918
14,001 & over	405,426	555,426

The RCN for a Pole rig or Cable Tool rig, regardless of depth, is \$60,000.

Property Type	Class Code	Property Class	Taxable Percentage
	Oode	Old 33	reroentage
Service & Workover Rigs & Related Oilfield Equip.	6522	8	3%